

# House File 918 - Introduced

HOUSE FILE \_\_\_\_\_  
BY COMMITTEE ON WAYS AND MEANS  
(SUCCESSOR TO HSB 305)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act establishing the office of energy independence and the  
2 Iowa power fund and related provisions, and providing an  
3 effective date.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 2901HV 82  
6 rn/gg/14

PAG LIN

1 1 SUBCHAPTER I  
1 2 GENERAL PROVISIONS  
1 3 Section 1. NEW SECTION. 469.1 DEFINITIONS.  
1 4 For the purposes of this chapter:  
1 5 1. "Alternative and renewable energy" means energy sources  
1 6 including but not limited to solar, wind turbine, waste  
1 7 management, resource recovery, recovered energy generation,  
1 8 refuse-derived fuel, hydroelectric, agricultural crops or  
1 9 residues, and woodburning, or relating to renewable fuel  
1 10 development and distribution.  
1 11 2. "Board" means the Iowa power fund board created in  
1 12 section 469.5.  
1 13 3. "Committee" means the due diligence committee created  
1 14 in section 469.6.  
1 15 4. "Director" means the director of the office of energy  
1 16 independence.  
1 17 5. "Fund" means the Iowa power fund created in section  
1 18 469.8.  
1 19 6. "Office" means the office of energy independence.  
1 20 7. "Recovered energy generation" means a recycled energy  
1 21 system, other than a system whose primary purpose is the  
1 22 generation of electricity, which produces electricity from  
1 23 currently unused waste heat resulting from combustion or other  
1 24 processes and which does not use an additional combustion  
1 25 process.  
1 26 Sec. 2. NEW SECTION. 469.2 OFFICE OF ENERGY  
1 27 INDEPENDENCE.  
1 28 The office of energy independence is established to  
1 29 coordinate state activities concerning energy independence.  
1 30 Sec. 3. NEW SECTION. 469.3 DIRECTOR OF OFFICE OF ENERGY  
1 31 INDEPENDENCE.  
1 32 1. A director of the office of energy independence shall  
1 33 be appointed by the governor, subject to confirmation by the  
1 34 senate, and shall serve at the pleasure of the governor. The  
1 35 governor shall fill a vacancy in the office in the same manner  
2 1 as the original appointment was made. The director shall be  
2 2 selected primarily for administrative ability and knowledge  
2 3 concerning renewable energy, renewable fuels, and energy  
2 4 efficiency. The salary of the director shall be fixed by the  
2 5 governor.  
2 6 2. The director shall do all of the following:  
2 7 a. Direct the office of energy independence.  
2 8 b. Coordinate the administration of the Iowa power fund.  
2 9 c. Lead outreach and public education efforts concerning  
2 10 renewable energy, renewable fuels, and energy efficiency.  
2 11 d. Pursue new research and investment funds from federal  
2 12 and private sources.  
2 13 e. Coordinate and monitor all existing state and federal  
2 14 renewable energy, renewable fuels, and energy efficiency  
2 15 grants and programs.  
2 16 f. Advise the governor and general assembly concerning  
2 17 renewable energy, renewable fuels, and energy efficiency

2 18 policy and legislation.

2 19 g. Establish performance measures for determining  
2 20 effectiveness of renewable energy, renewable fuels, and energy  
2 21 efficiency efforts.

2 22 h. Utilize assistance from the department of economic  
2 23 development regarding administration of grants, loans, and  
2 24 other financial incentives related to section 469.8,  
2 25 subsection 4, paragraph "a", subparagraph (1), the department  
2 26 of natural resources and the utilities board regarding  
2 27 assistance in the administration of grants, loans, and other  
2 28 financial incentives related to section 469.8, subsection 4,  
2 29 paragraph "a", subparagraph (2), and other state agencies as  
2 30 appropriate.

2 31 i. Develop an Iowa energy independence plan pursuant to  
2 32 section 469.4.

2 33 j. Submit an annual report to the governor and general  
2 34 assembly by November 1 of each year concerning the activities  
2 35 and programs of the office, Iowa power fund, and other  
3 1 departments related to renewable energy, renewable fuels, and  
3 2 energy efficiency. The report shall include an assessment of  
3 3 needs with respect to renewable energy, renewable fuels, and  
3 4 energy efficiency efforts and policy and fiscal  
3 5 recommendations for renewable energy, renewable fuels, and  
3 6 energy efficiency. In addition, the director shall review  
3 7 issues relating to the transportation of biofuels and explore  
3 8 leading and participating in multistate efforts relating to  
3 9 renewable energy and energy efficiency.

3 10 k. Adopt rules pursuant to chapter 17A concerning the  
3 11 office, the Iowa power fund, and the programs and functions of  
3 12 the office and the fund.

3 13 Sec. 4. NEW SECTION. 469.4 IOWA ENERGY INDEPENDENCE  
3 14 PLAN.

3 15 1. The director shall develop an Iowa energy independence  
3 16 plan with the assistance of the department of natural  
3 17 resources as provided in section 473.7, and in association  
3 18 with public and private partners selected by the director  
3 19 including representatives of the energy industry,  
3 20 environmental interests, agricultural interests, business  
3 21 interests, other interested parties, and members of the  
3 22 general public.

3 23 2. The plan shall provide cost-effective options and  
3 24 strategies for reducing the state's consumption of energy,  
3 25 dependence on foreign sources of energy, use of fossil fuels,  
3 26 and greenhouse gas emissions. The options and strategies  
3 27 developed in the plan shall provide for achieving energy  
3 28 independence from foreign sources of energy by the year 2025.

3 29 3. The plan shall be initially submitted to the governor  
3 30 and members of the general assembly by December 14, 2007, with  
3 31 subsequent plans to be submitted every three years thereafter,  
3 32 or more often if deemed necessary by the director. The plan  
3 33 shall be made electronically available to the public. The  
3 34 director shall conduct public meetings around the state to  
3 35 gather input to be used in developing the plan.

4 1 4. The plan shall identify cost-effective options and  
4 2 strategies that will allow the state to accomplish the  
4 3 following:

4 4 a. Maximize use of emerging technologies and practices to  
4 5 enhance energy efficiency and conservation and develop  
4 6 alternative and renewable energy sources.

4 7 b. Retain and create high-quality jobs that provide good  
4 8 wages and benefits.

4 9 c. Enhance the development of the state's bioeconomy  
4 10 including but not limited to the design, construction,  
4 11 operation, and maintenance of bioengineering, biorefining, and  
4 12 other bioproduct manufacturing facilities in this state.

4 13 d. Encourage federal, local, and private industry  
4 14 investment in the state's bioeconomy.

4 15 e. Promote sustainable land use, soil conservation, clean  
4 16 air, sustainable water supply, and clean water practices.

4 17 f. Reduce greenhouse gas emissions, both on an aggregate  
4 18 and per capita basis.

4 19 g. Advance the interests of crop, biomass, and livestock  
4 20 producers and biofuel and other bioproduct manufacturers.

4 21 h. Identify the road, transit, rail, pipeline,  
4 22 transmission, distributed generation, and other infrastructure  
4 23 investments needed to enhance the state's energy independence  
4 24 efforts.

4 25 i. Identify strategies to increase affordability of energy  
4 26 for individuals, families, organizations, and businesses,  
4 27 including low-income persons.

4 28 j. Review and assess the effectiveness of existing state

4 29 programs, including but not limited to financial assistance  
4 30 programs and tax policies, in enhancing the state's energy  
4 31 independence efforts.

4 32 k. Develop short-term and long-term recommendations for  
4 33 the role of individuals, families, community organizations,  
4 34 cities, counties, public and private education institutions,  
4 35 and state agencies in enhancing the state's energy  
5 1 independence efforts.

5 2 Sec. 5. NEW SECTION. 469.5 IOWA POWER FUND BOARD.

5 3 1. An eighteen-member Iowa power fund board is created  
5 4 with the following membership:

5 5 a. The chairperson of the utilities board or the  
5 6 chairperson's designee.

5 7 b. The director of the department of economic development  
5 8 or the director's designee.

5 9 c. The director of the department of natural resources or  
5 10 the director's designee.

5 11 d. The secretary of agriculture or the secretary's  
5 12 designee.

5 13 e. Seven members appointed by the governor subject to  
5 14 confirmation by the senate. All appointees shall represent  
5 15 nonpublic organizations or businesses, or research  
5 16 institutions, and must demonstrate experience or expertise in  
5 17 one or more of the fields of renewable energy, renewable  
5 18 fuels, agribusiness, energy efficiency, greenhouse gas  
5 19 reductions, utility operations, research and development of  
5 20 new technologies, commercialization of new technologies, and  
5 21 economic development.

5 22 f. Seven members serving in an ex officio, nonvoting  
5 23 capacity, appointed as follows:

5 24 (1) One member of the general assembly appointed by the  
5 25 president of the senate.

5 26 (2) One member of the general assembly appointed by the  
5 27 minority leader of the senate.

5 28 (3) One member of the general assembly appointed by the  
5 29 speaker of the house of representatives.

5 30 (4) One member of the general assembly appointed by the  
5 31 minority leader of the house of representatives.

5 32 (5) One member representing the state board of regents  
5 33 appointed by the president of the state board of regents.

5 34 (6) One member representing the community colleges  
5 35 appointed by the executive director of the Iowa association of  
6 1 community college presidents.

6 2 (7) One member representing independent colleges and  
6 3 universities appointed by the president of the Iowa  
6 4 association of independent colleges and universities.

6 5 A legislative member is eligible for per diem and expenses  
6 6 as provided in section 2.10.

6 7 2. The members appointed by the governor shall be  
6 8 appointed for three-year staggered terms beginning and ending  
6 9 as provided in section 69.19. A vacancy on the board shall be  
6 10 filled for the unexpired term in the same manner as the  
6 11 original appointment was made.

6 12 3. The members of the board shall be reimbursed for actual  
6 13 and necessary travel and related expenses incurred in the  
6 14 discharge of official duties. Each member of the board may  
6 15 also be eligible to receive compensation as provided in  
6 16 section 7E.6.

6 17 4. A majority of the members of the board constitutes a  
6 18 quorum, and a majority of the total membership of the board is  
6 19 necessary to act in any matter within the jurisdiction of the  
6 20 board.

6 21 5. The duties of the board include all of the following:

6 22 a. Consider and approve grants, loans, or investments and  
6 23 other financial incentives made from the fund.

6 24 b. Advise the director concerning strategic direction for  
6 25 the fund.

6 26 c. Provide the governor with advice concerning economic  
6 27 development, policy, technical issues, and strategic direction  
6 28 concerning renewable energy, renewable fuels, and energy  
6 29 efficiency.

6 30 d. Direct moneys from the fund to be used to purchase  
6 31 private or public technical assistance needed to conduct due  
6 32 diligence activities.

6 33 Sec. 6. NEW SECTION. 469.6 DUE DILIGENCE COMMITTEE.

6 34 1. A seven-member due diligence committee is created to  
6 35 review applications that will come before the board for  
7 1 financial assistance from moneys in the fund. The committee,  
7 2 after a thorough review, shall determine whether a proposed  
7 3 project using moneys from the fund is practical and shall  
7 4 provide recommendations to the board regarding any moneys

7 5 proposed to be expended from the fund. Membership of the  
7 6 committee shall consist of the following:  
7 7 a. One member designated by the director of the office of  
7 8 energy independence with expertise in the financing of new  
7 9 businesses and leveraging federal and private sources of  
7 10 funding.  
7 11 b. One member designated by the president of the state  
7 12 board of regents.  
7 13 c. One member designated by the director of the department  
7 14 of economic development.  
7 15 d. One member designated by the director of the Iowa  
7 16 energy center.  
7 17 e. One member from a single bioscience development  
7 18 organization determined by the director of the department of  
7 19 economic development to possess expertise in the promotion and  
7 20 commercialization of biotechnology.  
7 21 f. Two members of the Iowa power fund board designated by  
7 22 the chairperson of the board.

7 23 2. A majority of the members of the committee shall  
7 24 constitute a quorum, and a quorum shall be necessary to act on  
7 25 any matter within the jurisdiction of the committee.

7 26 3. The director of the office of energy independence shall  
7 27 provide office space, staff assistance, and necessary supplies  
7 28 and equipment to the committee. The director shall budget  
7 29 moneys to pay the compensation expenses of the committee. In  
7 30 performing its functions, the committee is performing a public  
7 31 function on behalf of the state and is a public  
7 32 instrumentality of the state.

7 33 Sec. 7. NEW SECTION. 469.7 CONFLICTS OF INTEREST.

7 34 If a member of the board or due diligence committee has an  
7 35 interest, either direct or indirect, in a project for which  
8 1 financial assistance may be provided by the board, the  
8 2 interest shall be fully disclosed to the board in writing.  
8 3 The member having the interest shall not participate in the  
8 4 decision-making process with regard to the provision of such  
8 5 financial assistance to the project.

8 6 Sec. 8. NEW SECTION. 469.8 IOWA POWER FUND.

8 7 1. An Iowa power fund is created in the state treasury  
8 8 under the control of the office. The fund shall be separate  
8 9 from the general fund of the state and the balance in the fund  
8 10 shall not be considered part of the balance of the general  
8 11 fund of the state. However, the fund shall be considered a  
8 12 special account for the purposes of section 8.53, relating to  
8 13 generally accepted accounting principles.

8 14 2. The fund shall be used to further the goals of  
8 15 increasing the development, production, and use of biofuels  
8 16 and other sources of renewable energy, improve energy  
8 17 efficiency, and reduce greenhouse gas emissions, and shall  
8 18 encourage, support, and provide for research, development,  
8 19 commercialization, and the implementation of energy  
8 20 technologies and practices. The technologies and practices  
8 21 should reduce this state's dependence on foreign sources of  
8 22 energy and fossil fuels, reduce emissions of greenhouse gases  
8 23 while meeting the demand for energy services in an  
8 24 economically viable manner. The research, development,  
8 25 commercialization, implementation, and distribution of such  
8 26 technologies and practices are intended to sustain the  
8 27 environment and develop business in this state as Iowans  
8 28 market these technologies and practices to the world.

8 29 3. The fund shall consist of appropriations made to the  
8 30 fund and other moneys available to and obtained or accepted by  
8 31 the office from federal or private sources to the credit of  
8 32 the fund. Notwithstanding section 12C.7, subsection 2,  
8 33 interest or earnings on moneys in the fund shall be credited  
8 34 to the fund.

8 35 4. a. Moneys available in the fund for a fiscal year are  
9 1 appropriated to the office to be used in providing financial  
9 2 assistance to entities conducting business, research, or  
9 3 programs in Iowa:

9 4 (1) To accelerate research and development, knowledge  
9 5 transfer, technology innovation, and improve the economic  
9 6 competitiveness of efforts furthering the goals stated in  
9 7 subsection 2.

9 8 (2) To increase the demand for and educate the public  
9 9 about technologies and approaches furthering the goals stated  
9 10 in subsection 2.

9 11 b. Eligibility criteria for grants awarded or loans made  
9 12 pursuant to paragraph "a" after due diligence activities shall  
9 13 be established by the director by rule, and shall include  
9 14 documentation relating to the actual or potential development  
9 15 of the following:

9 16 (1) Commercialization of technology and product  
9 17 development for sale in the national and international market.  
9 18 (2) Utilization of crops and products grown or produced in  
9 19 this state, including technologies, methods, and genetic  
9 20 characteristics which simultaneously maximize the value of  
9 21 crops used as feedstock in biomanufacturing products and as  
9 22 coproducts.  
9 23 (3) Reduction of greenhouse gas emissions and carbon  
9 24 sequestration.  
9 25 (4) Private or federal matching funds.  
9 26 c. The board may reclaim any moneys granted or loaned if  
9 27 the commitments set forth in the documentation required  
9 28 pursuant to paragraph "b" are not met.  
9 29 d. All grant and loan recipients must provide to the board  
9 30 a report on the use and effectiveness of the moneys granted or  
9 31 loaned on a periodic basis as determined by the board.  
9 32 5. Except as otherwise designated by law, the office shall  
9 33 not utilize more than two hundred fifty thousand dollars of  
9 34 the amount appropriated from the fund for a fiscal year for  
9 35 administrative costs.  
10 1 6. Notwithstanding section 8.33, moneys credited to the  
10 2 Iowa power fund shall not revert to the fund from which  
10 3 appropriated.

10 4 SUBCHAPTER II  
10 5 FINANCIAL INCENTIVES FOR BIOMASS,  
10 6 BIOREFINERY, RENEWABLE ENERGY, AND  
10 7 ENERGY EFFICIENCY PROJECTS

10 8 Sec. 9. NEW SECTION. 469.31 DEFINITIONS.

10 9 In addition to the applicability of definitions contained  
10 10 in section 469.1 to this subchapter, as used in this  
10 11 subchapter, unless the context otherwise requires:

10 12 1. "Agricultural animal" means the same as defined in  
10 13 section 717A.1.  
10 14 2. "Biobased material" means a material in which carbon is  
10 15 derived in whole or in part from a renewable resource.  
10 16 3. "Biobased product" means a product generated by  
10 17 blending or assembling of one or more biobased materials,  
10 18 either exclusively or in combination with nonbiobased  
10 19 materials, in which the biobased material is present as a  
10 20 quantifiable portion of the total mass of the product.  
10 21 4. "Biomass" means organic material that is available on a  
10 22 renewable or recurring basis, including but not limited to  
10 23 crops; plants, including aquatic plants and grasses; residues;  
10 24 trees grown for energy production; wood waste and wood  
10 25 residues; fibers; animal wastes and other waste materials;  
10 26 animal fats; and other fats, oils, and greases including  
10 27 recycled fats, oils, and greases.  
10 28 5. "Biorefinery" means a cluster of biobased industries  
10 29 producing power, fuel, materials, chemicals, and products.  
10 30 6. "Cellulosic biomass renewable fuel" means renewable  
10 31 fuel derived from an lignocellulosic or hemicellulosic matter  
10 32 that is available on a renewable or recurring basis, including  
10 33 dedicated energy crops and trees, wood and wood residues,  
10 34 plants, grasses, agricultural residues, fiber, animal wastes  
10 35 and other waste materials, refuse-derived fuel, and municipal  
11 1 solid waste.

11 2 7. "Crop" means the same as defined in section 717A.1.

11 3 8. "Renewable fuel" means a motor vehicle fuel that is any  
11 4 of the following:

11 5 a. Produced from grain; starch; oilseed; vegetable,  
11 6 animal, or fish materials, including but not limited to fats,  
11 7 greases, and oil; sugar components, grasses, or potatoes; or  
11 8 other biomass.

11 9 b. Used to replace or reduce the quantity of fossil fuel  
11 10 present in a motor fuel mixture used to operate a motor  
11 11 vehicle.

11 12 Sec. 10. NEW SECTION. 469.32 FINANCIAL INCENTIVES  
11 13 RELATING TO PRODUCTS FROM BIOREFINERIES == AUTHORIZATION.

11 14 The Iowa power fund board, with the assistance of the  
11 15 office of energy independence and other appropriate state  
11 16 agencies, may provide financial incentives and adopt necessary  
11 17 rules pursuant to chapter 17A in relation to the following:

11 18 1. Research, development, and commercialization of  
11 19 products derived from biorefineries, including but not limited  
11 20 to:

11 21 a. Renewable fuel such as cellulosic biomass renewable  
11 22 fuel, and associated agricultural or industrial coproducts  
11 23 which promise to provide environmentally benign product life  
11 24 cycles, promote rural economic development, and diversify  
11 25 energy resources.

11 26 b. Products to be used as feedstuffs for agricultural

11 27 animals.  
11 28 c. Other products to add value to the biorefinery supply  
11 29 chain.  
11 30 2. Research, development, and commercialization of  
11 31 specialized crop varieties for use in biorefineries, equipment  
11 32 in production and harvesting, soil conservation, and crop  
11 33 management practices designed for sustainability.

11 34 3. Research, development, and commercialization of  
11 35 advanced manufacturing and information technology required for  
12 1 supporting biorefineries.

12 2 4. Market development of biorefinery products, including  
12 3 but not limited to public education, quality testing,  
12 4 transportation, and infrastructure financial support.

12 5 Sec. 11. NEW SECTION. 469.33 FEDERAL BIOMASS RESEARCH  
12 6 AND DEVELOPMENT PROGRAMS == AUTHORIZATION.

12 7 The Iowa power fund board, the office of energy  
12 8 independence, and other appropriate state agencies, shall  
12 9 cooperate with federal agencies and participate in federal  
12 10 programs including but not limited to programs under the  
12 11 federal Biomass Research and Development Act of 2000, 7 U.S.C.  
12 12 } 7624, et seq., in order to provide for the production of  
12 13 cost-competitive industrial products derived from biomass,  
12 14 including but not limited to renewable fuels, such as  
12 15 cellulosic biomass renewable fuels or biobased materials and  
12 16 biobased products, and associated agricultural or industrial  
12 17 coproducts which promise to provide environmentally benign  
12 18 product life cycles, promote rural economic development, and  
12 19 diversify energy resources.

12 20 Sec. 12. NEW SECTION. 469.34 FINANCIAL INCENTIVES FOR  
12 21 RENEWABLE ENERGY PRODUCTS == AUTHORIZATION.

12 22 The Iowa power fund board, with the assistance of the  
12 23 office of energy independence and other appropriate state  
12 24 agencies, may provide financial incentives and adopt necessary  
12 25 rules pursuant to chapter 17A in relation to the following:

12 26 1. Research, development, and commercialization of  
12 27 renewable energy.

12 28 2. Market development of renewable energy, including but  
12 29 not limited to public education, quality testing,  
12 30 transportation, transmission, and infrastructure.

12 31 For purposes of this section, "renewable energy" means  
12 32 solar power, photovoltaic power, wind power, geothermal power,  
12 33 hydropower, landfill gas, refuse-derived fuel pellets, biomass  
12 34 fuel, fuel cells powered by a renewable energy resource, or  
12 35 conversion of municipal, industrial, or agricultural organic  
13 1 wastes.

13 2 Sec. 13. NEW SECTION. 469.35 FINANCIAL INCENTIVES FOR  
13 3 ENERGY EFFICIENCY PROJECTS == AUTHORIZATION.

13 4 The Iowa power fund board, with the assistance of the  
13 5 office of energy independence and other appropriate state  
13 6 agencies, may provide financial incentives to individuals or  
13 7 communities and adopt necessary rules pursuant to chapter 17A  
13 8 in relation to the following:

13 9 1. Research, development, and commercialization of  
13 10 technologies and practices that improve energy efficiency.

13 11 2. Implementation of technologies and practices that  
13 12 improve energy efficiency.

13 13 3. Public education efforts encouraging improved energy  
13 14 efficiency.

13 15 Sec. 14. Section 473.7, subsection 1, Code 2007, is  
13 16 amended to read as follows:

~~13 17 1. Deliver to the general assembly by January 15, 1990, a  
13 18 plan for the development, management, and efficient  
13 19 utilization of all energy resources in the state. The plan  
13 20 shall evaluate existing energy utilization with regard to  
13 21 energy efficiency and shall evaluate the future energy needs  
13 22 of the state. The plan shall include but is not limited to  
13 23 the following elements: Assist the director of the office of  
13 24 energy independence with preparation of the Iowa energy  
13 25 independence plan as provided in section 469.4. In addition  
13 26 to assistance requested by the director, the department shall  
13 27 supply and annually update the following information:~~

~~13 28 a. The historical use and distribution of energy in Iowa.~~

~~13 29 b. The growth rate of energy consumption in Iowa,  
13 30 including rates of growth for each energy source.~~

~~13 31 c. A projection of Iowa's energy needs at a minimum of ten  
13 32 years into the future through the year 2025.~~

~~13 33 d. The impact of meeting Iowa's energy needs on the  
13 34 economy of the state, including the impact of energy  
13 35 efficiency and renewable energy on employment and economic  
14 1 development.~~

14 2 e. The impact of meeting Iowa's energy needs on the

14 3 environment of the state, including the impact of energy  
14 4 production and use on greenhouse gas emissions.

14 5 f. An evaluation of alternative renewable energy sources  
14 6 and uses of energy, including the current and future  
14 7 technological potential for such sources.

14 8 g. Legislative recommendations that may be necessary as a  
14 9 basis for a state policy for the development and efficient  
14 10 utilization of energy resources.

14 11 h. An evaluation of the ability of existing laws and  
14 12 regulations surrounding the utilization of energy resources.

14 13 The department shall develop the plan with the assistance  
14 14 of, and in consultation with, representatives of the energy  
14 15 industry, economic interests, the public, and other interested  
14 16 parties. The department shall submit a report to the general  
14 17 assembly concerning the status and implementation of the plan  
14 18 on a biennial basis. The biennial update shall contain an  
14 19 evaluation of all state energy programs including expected  
14 20 versus actual benefits and forecasts of future energy demand  
14 21 in Iowa.

14 22 Sec. 15. Section 476.6, subsection 14, Code 2007, is  
14 23 amended to read as follows:

14 24 14. ENERGY EFFICIENCY PLANS. Electric and gas public  
14 25 utilities shall offer energy efficiency programs to their  
14 26 customers through energy efficiency plans. An energy  
14 27 efficiency plan as a whole shall be cost-effective. In  
14 28 determining the cost-effectiveness of an energy efficiency  
14 29 plan, the board shall apply the societal test, utility cost  
14 30 test, rate-payer impact test, and participant test. Energy  
14 31 efficiency programs for qualified low-income persons and for  
14 32 tree planting programs, educational programs, and assessments  
14 33 of consumers' needs for information to make effective choices

14 34 regarding energy use and energy efficiency need not be  
14 35 cost-effective and shall not be considered in determining  
15 1 cost-effectiveness of plans as a whole. The energy efficiency  
15 2 programs in the plans may be provided by the utility or by a  
15 3 contractor or agent of the utility. Programs offered pursuant  
15 4 to this subsection by gas and electric utilities that are  
15 5 required to be rate-regulated shall require board approval.

15 6 Sec. 16. ENERGY EFFICIENCY STUDIES == IOWA UTILITIES  
15 7 BOARD.

15 8 1. ENERGY EFFICIENCY PLANS. The Iowa utilities board, in  
15 9 cooperation with gas and electric utilities, shall conduct a  
15 10 study of the energy efficiency plans and programs offered by  
15 11 all gas and electric utilities pursuant to section 476.6 to  
15 12 determine the status and effectiveness of energy efficiency  
15 13 programs in the state, using the most accurate and up-to-date  
15 14 information available to the board during the time period  
15 15 prescribed for the study. The board shall report the results  
15 16 of the study, with recommendations for best practices to  
15 17 increase energy efficiency and reduce energy consumption, to  
15 18 the members of the general assembly by January 1, 2008.

15 19 2. FUTURE CONSUMER ENERGY REDUCTION PLAN. The board shall  
15 20 coordinate with the Iowa energy center to conduct a consumer  
15 21 survey and study relating to consumer knowledge of energy use  
15 22 and energy efficiency, and methods for increasing such  
15 23 knowledge, with the objective of reducing consumer energy  
15 24 utilization. The board shall report the results of the study  
15 25 to the members of the general assembly by January 1, 2008.

15 26 Sec. 17. EFFECTIVE DATE. This Act, being deemed of  
15 27 immediate importance, takes effect upon enactment.

15 28 EXPLANATION

15 29 This bill creates the office of energy independence, the  
15 30 position of director of the office of energy independence, the  
15 31 Iowa power fund board, a due diligence committee, and the Iowa  
15 32 power fund in new Code chapter 469. Duties for the office,  
15 33 director, board, and committee are specified. Grants, loans,  
15 34 and investments and other financial incentives made from the  
15 35 fund are subject to approval by the board.

16 1 The bill requires the director to develop an Iowa energy  
16 2 independence plan, with the assistance of the department of  
16 3 natural resources and in association with public and private  
16 4 partners selected by the director. The bill specifies plan  
16 5 parameters, and provides that the options and strategies  
16 6 developed in the plan shall provide for achieving energy  
16 7 independence from foreign sources of energy by the year 2025.

16 8 The bill provides that the Iowa power fund shall be used to  
16 9 further the goals of increasing the development, production,  
16 10 and use of biofuels and other sources of renewable energy,  
16 11 improve energy efficiency, and reduce greenhouse gas  
16 12 emissions, and shall encourage, support, and provide for  
16 13 research, development, commercialization, and the

16 14 implementation of energy technologies and practices. Further,  
16 15 the technologies and practices are intended to reduce the  
16 16 state's dependence on foreign sources of energy and fossil  
16 17 fuels, reduce greenhouse gas emissions, and meet the demand  
16 18 for energy in an economical manner, sustain the environment,  
16 19 and develop business in Iowa.

16 20 The bill specifies that moneys appropriated to the fund or  
16 21 otherwise deposited into the fund shall be used to provide  
16 22 financial assistance to entities in this state conducting  
16 23 business, research, or programs to accelerate research and  
16 24 development, knowledge transfer, technology innovation, and  
16 25 improve economic competitiveness, and to increase the demand  
16 26 for and educate the public about technologies and approaches,  
16 27 all in furtherance of the goals established for the fund.  
16 28 Eligibility criteria for grants or loans from the fund, to be  
16 29 established by the director, are set forth.

16 30 In a separate subchapter of new Code chapter 469, the bill  
16 31 authorizes the Iowa power fund board, with the assistance of  
16 32 the office of energy independence and other appropriate state  
16 33 agencies, to provide financial incentives and adopt necessary  
16 34 rules for biomass, biorefinery, renewable energy, and energy  
16 35 efficiency projects. The incentives and rules are primarily  
17 1 focused upon research, development, commercialization, and  
17 2 market development in connection with products from  
17 3 biorefineries and renewable energy products, and additionally  
17 4 implementation of technologies and practices that improve  
17 5 energy efficiency and public education efforts relating to  
17 6 energy efficiency projects. The bill provides authorization  
17 7 for the board, office, and other state agencies to cooperate  
17 8 with federal agencies and participate in federal biomass  
17 9 programs.

17 10 The bill additionally modifies provisions of Code section  
17 11 473.7 to facilitate assistance from the department of natural  
17 12 resources with the preparation of the Iowa energy independence  
17 13 plan. The bill adds educational programs and assessments of  
17 14 consumers' needs for information conducted pursuant to energy  
17 15 efficiency programs offered by electric and gas public  
17 16 utilities pursuant to Code section 476.6, provides that such  
17 17 programs and assessments need not be cost-effective, and  
17 18 specifies that energy efficiency programs offered by  
17 19 rate-regulated gas and electric utilities are subject to  
17 20 approval by the Iowa utilities board.

17 21 The bill provides for the establishment of two energy  
17 22 efficiency studies relating to energy efficiency plans and  
17 23 programs offered by gas and electric utilities pursuant to  
17 24 Code section 476.6, and relating to consumer knowledge of  
17 25 energy efficiency and methods for increasing such knowledge,  
17 26 respectively.

17 27 The bill takes effect upon enactment.

17 28 LSB 2901HV 82

17 29 rn:rj/gg/14